



Top Ten Threats For Missouri Investors 2008

- 1 “Senior Specialists:”** Individuals may call themselves “senior specialists” or use professional sounding designations to create a false level of comfort among seniors and then get them to invest. Frequently, the only specific training they have is on how to sell to seniors.
- 2 Unlicensed Sellers & Unregistered Products:** The sale of securities by someone without a valid securities license should be a red flag for investors. Con artists try to bypass stringent state registration requirements to pitch unusual investments, and investors often suffer from a lack of disclosure or information.
- 3 Free Lunch or Dinner Offers:** These often target seniors by inviting them to investment or retirement seminars. Along with the free meal often comes the promise of investments with “high returns and little or no risk.” Our investigators see new cases every month involving unsuitable investments that started with nothing more than a free lunch.
- 4 Real Estate Investment Schemes:** In the shadow of the subprime lending crisis, schemes promising large returns from various types of real estate-related investments are increasing. Investments in real estate are regularly viewed as a “sure thing,” with little downside risk. But real estate investment contracts can involve significant risk, and like other investments, they are often subject to full regulation under the state and federal securities laws.
- 5 Internet Fraud:** Scam artists continue to rush to the Internet to peddle their unregistered securities and fraudulent schemes. Fraudsters are using social networking websites to lure people to meetings that may promote fraudulent investment products. Other con men are using the Web to “pump up” the value of low-priced stocks which are then dumped on naïve investors who purchase the securities at inflated prices. If you decide to purchase a stock online, don’t buy little-known stocks on the basis of online hype alone.

- 6 Variable and Equity Indexed Annuities:** Complicated investments that combine features of mutual funds, annuities and insurance are often unsuitable for older investors. These usually include higher than normal fees and can limit access to your money for many years unless you're willing to pay "surrender fees." Older Missourians should be especially cautious about investing in variable annuities or equity indexed annuities.
- 7 Oil and Gas Scams:** The substantial increase in energy costs has made scams related to energy more prevalent. In addition to oil and gas investments, schemes which promise development of new technologies to either increase the efficiency of energy consumption or to extract energy from new sources previously thought too expensive to develop are also anticipated.
- 8 Gold, Precious Metals and Foreign Currencies:** Falling dollar values and a turbulent stock market have led to increased recommendations to invest in gold, precious metals, or foreign currencies. Such investments are not suitable for all investors, however, as it can be expensive to locate, acquire, pay taxes on, and store gold bars or other tangible gold items. Foreign currency trading is highly speculative.
- 9 Auction Rate Securities:** Some dishonestly tout these as being like cash deposits or money market accounts. Investors who transferred their money out of cash deposits or money markets into auction rate securities are finding that they are unable to access their money when they need it most. Investors in such situations need to contact the Missouri Securities Division to learn about efforts to recoup losses.
- 10 Prime Bank Schemes:** Scam artists say these promise high, tax-free returns. Promoters of these schemes offer to let the "little guy" in on what they claim are exclusive investments from elite overseas banks. Don't be fooled. Prime banks of this type do not exist, and scam artists have no intention of creating a profit for anyone but themselves.



SECRETARY OF STATE ROBIN CARNAHAN

Investor Protection Hotline:

1-800-721-7996

www.MissouriSafeSavings.com